

Modern Slavery Statement

Policy Owner: Group Finance

Version: 3

December 2023

1. Introduction and reporting entity

In accordance with the requirements of the Australian Modern Slavery Act 2018 (**the Act**), Lynch Group Holdings Limited (**the Group**) has prepared this Modern Slavery Statement (**the Statement**) outlining the actions undertaken by the Group to identify and address risks of modern slavery occurring in its operations and supply chain for the year ending 30 June 2023 (**the Reporting Period**).

This statement is made by the Group as a reporting entity under the Australian Modern Slavery Act 2018 (Cth). It covers the Group and all of its controlled entities, including its two main trading entities: Lynch Group Australia Pty Limited and Lynch China (HK) Ltd, as well as their associated brands.



The term 'modern slavery' is used to describe situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. Specifically, the Act defines modern slavery as including the following eight types of serious exploitation:

- Trafficking in persons
- Slavery
- Servitude
- Forced marriage
- Forced labour
- Debt bondage
- Deceptive recruiting for labour or services
- Child labour.

The Group is committed to identifying and mitigating modern slavery risks and human rights violations occurring within its business operations or supply chain.

2. Structure, operations, supply chain and customers

2.1. Structure

The Group is an Australian incorporated wholesaler of floral products headquartered in Sydney, New South Wales. The Group is the largest wholesaler of floral products in Australia, with a national footprint and facilities in all major Australian cities. The Group has been in operation for more than 100 years and

has supplier relationships that go back more than 60 years. In this market, the Group's strategy is to continue the structural shift in floral supply through Australian supermarkets.

The Group has also been in business in China for more than 19 years where it is a leading grower and wholesaler of premium flowers. In the China market, the Group's strategy is to capture scalable opportunities by leveraging its Australian expertise and large-scale, value-added processing and to increase production capacity through developing secured land, enhancing yields at existing farms and expanding penetration into mass-market sales channels for floral products.

The Group's product offering can be broken down into three main categories:

- **Straights:** single flowers or bunches of the same flower commonly purchased for self-consumption.
- **Bouquets and arrangements:** mixed arrangements of multiple flower types directed towards the gifting market and minor self-consumption for convenience of ready-made products.
- **Potted plants:** low-maintenance small potted plants for indoors commonly purchased for gifting.

The Group does not sell core nursery products (i.e., seeds, bulbs, shrubs and trees).

The Group manages a complex, global, vertically integrated value chain, which drives the long-term sustainability of the business and helps overcome the challenges of a short shelf life in the Group's floral products. The Group operates throughout three of the four key steps in the floral market value chain:

- **Breeding:** Group does not generally operate in this area, however breeding is providing floral genetics with optimal characteristics (e.g., colour, longevity, disease resistance etc.). This involves royalties paid by growers to breeders for propagation and customer-informed floral strain development / enhancement. On occasions the Group acts as agent for breeders and/or propagators.
- **Growing:** includes flower propagation and initial processing:
 - **Flower propagation:** growing / propagating flowers ready for harvest, paid on a per stem basis. Activities include seed and / or bulb raising, flower propagation and farming, and often having supply contracts with wholesalers.
 - **Initial processing:** preparing harvested for further transport within the supply chain.
- **Wholesaling:** includes procurement, transportation, customs clearance and processing activities:
 - **Procurement:** procuring floral / plant supply and componentry through engagement with breeders on desired breed varieties, providing growers with planting cycle direction, and often having contracts with multiple growers to ensure security of supply.
 - **Transportation:** organising cold chain transportation logistics including securing appropriate mix of land / air transportation for cut flower volume. Flowers and potted plants are refrigerated and transported by air, sea (global) and road (domestic), and potted.

- **Border processes:** ensuring border processes are cleared by relevant government departments (Customs, DAFF, Heritage and Environment) where flower imports go through documentation review, pest / biosecurity inspections and additional re-processing if failed inspections.
- **Processing:** processing bulk flowers dependent on the wholesaling model where activities include unpacking and cutting, re-hydrating, producing into finished floral products (or no further processing) and packaging for distribution. The processing of flowers is also dependent on the retail channel which could mean products are either processed into finished goods (e.g., florists adding value) or purchasing of finished flower products from wholesaler.
- **Retailing:** selling finished products to end consumers, which includes activities such as category management, merchandising and other point of sale activities, and sales and marketing to tend consumers.

2.2. Operations

As the only player of national scale in Australia and with a significant footprint in China, the Group navigates the complex floral supply chain to provide supermarkets and other customers with stable, large quantity, year-round supply of standardised, consumer-ready floral products. The Group's scale, innovation, worldwide sourcing capability, and continued investment in instore merchandising teams have greatly changed the perception of supermarket flowers in Australia.

The Group's core operations include the growing, wholesaling and retailing of floral products.

Growers are managed under several arrangements to provide flexibility of supply. Such arrangements include Group owned, contracted and partially contracted growers. For those farms owned and managed by the Group, the Group oversees the planting, growing, harvest, packing and transportation of floral products.

The Group has also developed a large and sophisticated cool chain distribution network (including use of cold storage spaces and refrigerated trucks) with facilities located in all major Australian cities and in Kunming and Shanghai in China. The Group's cool chain distribution network allows us to prolong flower life through the use of cool chain technology for varieties sourced from global suppliers.

This model enables the Group to not only grow floral products but also to use fresh cut flowers to design and create consumer-ready floral products; wholesale floral products to all retail and wholesale channels in Australia (supermarkets in particular); merchandise floral and potted display stands for supermarket clients in Australia and wholesale floral products to key retail and wholesale channels in China, including digital sales platforms.

2.3. Supply chain

The Group has access to worldwide breeders and maintains longstanding global grower relationships that provide large scale, low cost and secure supply, with the Group's China farm operations further securing low cost and a high-quality supply. Some of the Group's supplier relationships span over 40 years, allowing the Group to have a solid understanding and insight over how these breeders operate.

The Group notes the best quality products come from building long term relationships with suppliers. It is for this reason that the Group has developed and invested in internal teams and supply chain management. In addition to operations mentioned above, the Group relies on a complex, global supply chain to deliver products to market.

Outside of the Group's own farms, the Group's key suppliers are the flower farms and nurseries which supply floral and potted products. These farms are operated by third parties and come in two forms:

- Farms where the Group secures up to 100% of supply.
- Short term contracts or uncontracted purchases to ensure low-cost, secure and flexible supply.

Other direct suppliers include:

- Manufacturers of accessories used in products.
- Third-party transportation and logistics companies which transport products internationally and domestically.
- Reputable, well established labour hire agencies.
- Personnel responsible for cleaning and maintenance of facilities around Australia and China.

2.4. Customers

The Group primarily services supermarkets and mass-market retailers, as well as online retailers and florists. The Group acknowledges the importance of collaborating with customers in the assessment and mitigation of modern slavery risks in operations and supply chains. The Group also understands that customers have rising expectations from suppliers on managing ethical sourcing, human rights and modern slavery risks, resulting in:

- Requirements contained within updated supplier contracts and purchase orders.
- The introduction of policies, supplier codes of conduct.
- Requesting completion of supplier self-assessment questionnaires.
- Participating in and responding to customers' formal audit and review procedures such as Sedex Members' Ethical Trade Audit (SMETA).
- Implementing ongoing monitoring and auditing programmes.

The Group's key customers are large and established organisations who have a number of requirements regarding human rights and modern slavery in place. As such, the Group is focused on continuing to align to its suppliers' expectations, requirements and commitments. To ensure that this continues, the Group engages in ongoing dialogue with key customers to keep up to date with changing modern slavery and human rights expectations.

3. Risks of modern slavery in operations and supply chain

The floral products that the Group produces for the Australian market are manufactured and stored in facilities across Australia and supplied from farms within Australia and overseas. The floral products that the Group produces in the China market are stored in facilities in Kunming and Shanghai and are mostly supplied from the Group's own farms within Yunnan Province. The Group understands that some overseas farms, and other diversified suppliers, may operate in countries where modern slavery risks are elevated, and recognises that modern slavery is an issue that exists across many industries and in all countries in the world. The Group takes this risk seriously and approaches the management of it accordingly.

3.1. Modern slavery risk in operations

Due to the nature of the Group's business model and workforce profile, the Group recognises the potential for modern slavery risks in its operations. Within the operations, a portion of the Group's workforce includes workers:

- Within the Agriculture sector.
- Employed through third-party agencies.
- With base-skilled labour roles.
- Who are foreign-born and may be living and working on a visa.

These are characteristics that could potentially put workers at an elevated risk of modern slavery. However, the vast majority of workers are employed by the Group directly through permanent contracts or by reputable, well-established labour-hire agencies. Additionally, the Group has a number of internal controls in place to ensure fair work practices in compliance with applicable laws. As such, the Group considers the risk of modern slavery within its operations to be low.

The Group acknowledges that it is important for it to continue to monitor working conditions, recruitment, and gender issues across the business to ensure it is effectively managing this risk on behalf of all of workers.

3.2. Modern slavery risk in supply chain

The Group acknowledges that modern slavery risks may exist within its Australian and international supply chain, given the complex and vertically integrated model and global scale.

To continue to enhance the Group's understanding of the likelihood of modern slavery risks within its supply chain, the Group has undertaken an extensive supplier risk review, assessment, and rating that was extended across the business in 2023. The review was guided by the Informed 365 Modern Slavery Risk Matrix Methodology as augmented by the Group's Ethical Trade Risk Assessment Matrix,

developed over the time period the Group has operated in the global floral market. The Group also surveyed its Tier 1 global suppliers to assess their modern slavery risks and that of their supply chains. This has helped inform its approach on managing modern slavery risk within the supply chain and enabled the Group to confirm that none of its Tier 1 global suppliers appear to fall within the high-risk category.

Due to the nature of its business, the Group acknowledges that a large majority of suppliers fall into elevated risk categories. Examples of suppliers in higher risk sectors¹, includes:

- Agricultural Products.
- Human Resource and Employment Services.
- Plastic, Metal and Glass Containers.
- Fertilisers and Agricultural Chemicals.

From its risk assessment, the Group notes that it engages suppliers operating in a number of higher risk countries, including, but not limited to:

- China
- Colombia
- Ecuador
- India
- Kenya
- Malaysia
- Thailand
- Vietnam

¹ Categories are based on the Global Industry Classification Standard.

4. Assessing and addressing risks of modern slavery

No incidents of modern slavery were identified in the Group's operations or supply chain during the reporting period.

The Group has a strong governance structure in place with regards to managing operational and supply chain risk and is continually reviewing its approach and priorities to have the greatest impact. The Group leverages this existing governance structure to implement key controls related to modern slavery risk, for both its operations and supply chain, as part of its evolving Modern Slavery Roadmap.

4.1. Operational modern slavery risk management

In 2023, the key policies and procedures that underpin the Group's governance approach to maintaining a safe, fair, ethical and diverse workplace were extended to the Group's China operations and now apply to all workers located at any facility across the Group's operations.

These key policies include:

- **Code of Conduct:** describes the standards of behaviour and conduct expected from workplace participants in their dealings with customers, suppliers, clients, co-workers, management and the general public.
- **Human Rights Policy:** describes the Group's commitments to upholding human rights and its expectations of its suppliers, contractors and partners if they wish to continue to do business with the Group.
- **Ethical Sourcing Policy:** describes the ethical and legal standards required from suppliers, particularly in respect of their dealings with workers, in order to be eligible to remain as suppliers of the Group. This is discussed in greater detail below.
- **Ethical Sourcing Grievance Process:** describes the process by which a worker, supplier, or anyone else who wishes to report any non-compliance with the Ethical Sourcing Policy may do so, including the protections afforded to them throughout the process.
- **Recruitment Policy:** provides guidance and assistance to all managers and supervisors who are involved in the recruitment, selection and promotion of employees of the Group.
- **Anti-Discrimination and Equal Employment Opportunity Policy:** relates to any forms of discrimination, vilification, sexual harassment, bullying and victimisation.
- **Gender Equality in the Workplace Policy:** a workplace program attempting to eliminate discrimination and contributing to gender equality in employment and in the workplace.
- **Whistle-blower Policy:** aligned to Australian legislation, it describes the process by which a worker is able report any instances of wrongdoing across any operations, as well as the protections afforded to them through the process.

The Group's workforce includes workers with base-skilled labour roles, with immigration visas and who may have English as their second language. These workers may need additional support and information regarding potential human rights and modern slavery risks.

The Group's online modern slavery training and awareness program has been delivered to all key personnel, including those responsible for procurement decision-making, across the whole of its Australian operations.

The Australian business also successfully completed a second biennial audit under the SMETA framework.

No modern slavery concerns were noted within the Group's operations during the period. As part of the Group's commitment to continuous improvement, it intends to continue to strengthen controls related to the Group's direct workforce, its third-party agency workers and any on-site contractors with respect to modern slavery risk.

4.2. Supply chain modern slavery risk management

The Group is committed to taking a leadership role in ensuring its supply chain reflects the highest standards of ethical conduct and activity. In alignment with the Group's Vision and Values, it seeks to positively influence ethical standards within and across its industry. The Group recognises that

responsibility for ethical trade throughout its supply chain resides as much with its key suppliers as with the Group itself.

Prior to entering into a contractual agreement with key floral suppliers, the Group's Procurement team undertakes a due diligence process to assure compliance to stated objectives of the Group's ethical sourcing policy. Evidence of compliance may include the holding of third-party ethical trade certifications, SMETA, or other documentary and / or firsthand evidence or combination of evidentiary sources that serve to provide the requisite level of assurance. Examples of third-party certifications tracked include:

- Fair Trade
- Rainforest Alliance
- Global Gap
- Florverde
- Flor-Ecuador
- MPS Socially Qualified
- Ethical Trade Initiative
- Kenya Flower Council Silver Certificate
- SA 8000.

Additionally, the Group's quality team maintains a register of external certifications for all key international suppliers, which is reviewed and updated on a monthly basis. The register allows the Group to ensure that supplier certifications are maintained and up to date. The quality team is also responsible for monitoring and ensuring that any regulatory changes are considered and appropriately addressed in order to maintain compliance. It may also perform additional checks as in a prudent manner following the Supplier Risk Assessment process. If no issues are noted, the Group's procurement team may conduct a site visit to ensure that quality of products, working conditions and use of chemicals are in line with the Group's expectations and international standards.

Set out within the Group's Ethical Sourcing Policy are the following expectations of key suppliers:

- Provide staff with wages, benefits and hours of work that are non-discriminatory.
- Ensure working conditions are not harsh or inhumane and provide for adequate standards of health and safety.
- Freedom of movement, freedom of association and no evidence of children working on site.
- Be respectful of local regulations and comply with relevant environmental standards.

To ensure ongoing compliance with its Ethical Sourcing Policy, the Group ensures that appropriate contractual provisions are included in its supplier agreements that require compliance with modern slavery laws and permit the Group to conduct compliance audits of its suppliers and supply chains, and the Group's procurement and quality teams undertake periodic surveys of its key suppliers to confirm they are in compliance with these practices. In 2023, the Group incorporated similar provisions in Australian issued purchase orders to increase the breadth of ongoing compliance with its Ethical Sourcing Policy.

When the Group conducts supplier site visits, it also conducts a formal review to ensure compliance with the Group's Ethical Sourcing Policy, Human Rights Policy and modern slavery risk management

processes. The review is designed to consider matters such as the condition of site facilities and infrastructure, employee health, safety and wellbeing, the freedom of movement of people and the freedom of association and to ensure there is no evidence of children working on site. The review provides the basis for a modern slavery/ethical trade assessment that is undertaken, as a matter of course, for supplier site visits and acts as a direct, supplementary risk mitigation exercise to other measures articulated above.

Should a supplier be found, or suspected to be non-compliant with the Group's requirements or expectations, the Group reserves the right to cease its business relationship with that supplier until sufficient remediation has been implemented.

The Group's Ethical Sourcing Policy, ongoing monitoring of regulatory requirements and certification compliance, and annual supplier contract reassessments provide a strong governance structure which can be leveraged to install and manage additional controls related to modern slavery risk in its supply chain.

There were no modern slavery issues identified during the 2023 reporting period. However, should any such incidents be identified, the Group's quality and procurement teams would consider appropriate next steps that focus primarily on establishing and maintaining the safety of the affected people, potential corrective actions and assessment of future risk.

5. Assessing the effectiveness of actions

This is the fourth year that the Group has prepared a Modern Slavery Statement. Over the past year, the Group made further progress in implementing and evolving its internal modern slavery roadmap, including by:

- Successfully completing a second biennial SMETA at all Australian production facilities.
- Including a provision in Australian purchase orders to require compliance with modern slavery laws and permit the Group to conduct compliance audits and surveys of suppliers and supply chains.
- Extending key policies and procedures for a safe, fair, ethical and diverse workplace to the Group's China business so that they apply to all workers located at any facility across all operations.
- Extending detailed supplier risk reviews, assessments, and a rating exercise across both the Australian and China businesses, as guided by the Modern Slavery Risk Matrix methodology and the Group's Ethical Trade Risk Assessment Matrix.
- Completing formal ethical trading reviews as part of on-site assessments for all supplier visits in Australia, Colombia, Ecuador, and Kenya.

The Group continued to integrate its modern slavery approach into the existing program of ongoing review, assessment and refinement of policies, procedures and governance structures in order to ensure the approach is one of continual improvement.

6. Consultation with entities

As noted above, the Group's approach to modern slavery risk management has expanded to encompass all controlled entities of the Group, both domestically and overseas.

All Group entities operate under a common set of governance principles and policies. As part of this, the Group is implementing programs through which modern slavery risk in its operations and supply chains are managed within the Group's foreign entities, adopting a consistent organisation wide approach to modern slavery risk management.

A process of internal consultation across the Group's Australian and China entities informed the drafting of this statement. This included engagement with members of the Group's modern slavery working group which includes senior members from the Group's business development, governance, human resources, quality and procurement streams. This working group was formed in 2021 as part of the Group's commitment to help manage human rights and modern slavery risks across its operations and supply chains.

7. Other relevant information and next steps

7.1. Impacts of COVID-19

As the impact of COVID-19 on international travel receded in 2023, the Group's quality and procurement teams increased their planned, floral supplier, onsite visits in Australia, South America, and Africa. These visits afforded the opportunity to conduct and record formal ethical trading reviews of supplier sites. This practice has now become an integral part of the Group's annual supplier onsite visit program.

7.2. Modern slavery roadmap

To guide the Group's efforts in addressing potential risks of modern slavery within its operations and supply chain, the Group is continuing to develop and expand its multi-year Modern Slavery Roadmap. This Roadmap focuses on improving robust policies and training programs, supplier risk assessments and ongoing due diligence and grievance and remediation channels. Key activities undertaken as part of year four of the Roadmap include:

Building robust policies & educating our people:

- Continuing to update, adapt, deliver and distribute internal training and awareness programs and communication materials related to the Group's Ethical Sourcing Policy, Human Rights Policy and Modern Slavery Statement.

Undertaking detailed risk assessment and ongoing due diligence:

- Continuing to refine the supplier risk assessment process to assist in focusing efforts on higher risk areas within the supply chain, both domestically and overseas.

- Adopting a formal Ethical Trade Risk Assessment Matrix, to facilitate consistent risk assessment processes in accordance with the Group's Ethical Sourcing Policy, Human Rights Policy and Modern Slavery risk management processes.
- Formalising the review process for supplier site visits to ensure reviews are conducted of supplier's compliance with the Group's Ethical Sourcing Policy, Human Rights Policy and Modern Slavery risk management processes.
- Continuing the program of on-site assessments of suppliers and increasing the number of onsite assessments conducted each year.

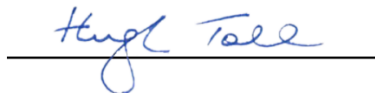
Expanding modern slavery approach to all controlled entities:

- Ensuring all policies and procedures are being adopted and implemented by all of controlled entities in the future reporting periods.

The actions within this Roadmap will be monitored and reviewed by the modern slavery working group, to ensure internal deadlines and external commitments are met moving forward.

This statement has been developed by the working group, discussed and agreed with the Group's Chief Executive Officer and approved by the Board.

Signature of Signing Authority

A handwritten signature in blue ink that reads "Hugh Toll". The signature is written over a horizontal line.

Hugh Toll, Chief Executive Officer on behalf of Lynch Group Board of Directors